

OFFICIAL COPY

Fresno, California

June 16, 2004

The City Council met in regular adjourned session at the hour of 10:00 a.m. in the Council Chamber, City Hall, on the day above written. Present were Councilmembers Boyajian, Calhoun, Dages, Duncan, Perea, Sterling, Council President Castillo and appropriate staff.

At Councilmember Duncan's request and with Council consensus, Councilmember Duncan, President Castillo and City Attorney Montoy to meet with the Board of Supervisors to discuss the zoo tax and some of the issues that have been brought up in the newspaper. Councilmember Duncan stated he was very concerned with the direction the issue was going and this was going to be a big challenge, and added his staff would schedule the meeting. Councilmember Sterling requested, as a member of the Measure "Z" committee, that Council do some outreach stating any help in approaching Fresno County would be appreciated.

(10:00 A.M.) CONTINUED HEARING ON THE FY 2005 CITY OF FRESNO BUDGET

1. RESOLUTION - ADOPTING THE FY 2004-2005 BUDGET, INCLUDING THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) BUDGET AND THE ANNUAL APPROPRIATION RESOLUTION (AAR)
2. RESOLUTION - ADOPTING THE FY 2004-2005 POSITION AUTHORIZATION RESOLUTION (PAR)
3. RESOLUTION - ADOPTING THE ANNUAL AMENDMENT TO MASTER FEE SCHEDULE RESOLUTION NO. 80-420
4. BILL (FOR INTRODUCTION AND ADOPTION) - ADOPTING THE PROPERTY TAX OVERRIDE (PTO) ORDINANCE
5. SELECTION OF METHODOLOGY FOR DETERMINATION OF THE FY 2004-2005 GANN APPROPRIATION LIMIT
6. RESOLUTION - ADOPTING THE FY 2005 SALARY RESOLUTION (ESTABLISHING RULES FOR THE APPLICATION OF CITY EMPLOYEE COMPENSATION RATES AND SCHEDULES AND RELATED REQUIREMENTS, AND ESTABLISHING COMPENSATION RATES AND SCHEDULES)
7. RESOLUTION - APPROVING SUBMISSION OF THE FY 2005 ANNUAL ACTION PLAN TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) FOR USE OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT PARTNERSHIP (HOME), EMERGENCY SHELTER GRANT (ESG), AND THE AMERICAN DREAM DOWNPAYMENT INITIATIVE (ADDI) PROGRAM FUNDS, AND AUTHORIZING THE CITY MANAGER TO SIGN ALL IMPLEMENTING DOCUMENTS AS REQUIRED BY HUD

DEPARTMENTS SCHEDULED FOR PRESENTATIONS/COUNCIL CONSIDERATION (AS TIME PERMITS):

1. CITY ATTORNEY
2. CITY CLERK
3. CITY MANAGER
4. REDEVELOPMENT AGENCY
 - a. **AGENCY RESOLUTION NO. 1650** - APPROPRIATING THE FY 2005 BUDGET OF THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

President Castillo announced the time had arrived to consider the issue and re-opened the public hearing.

Upon call, no one wished to be heard and President Castillo officially closed the public hearing.

CITY ATTORNEY:

City Attorney Montoy introduced key staff in attendance and thanked budget staff, and gave a PowerPoint presentation on her department's budget which included the mission statement, budget formulation considerations, annual budget overview/5-year comparison, office staffing, hourly billing rates for FY 2005, overall accomplishments, accomplishments of specific units, unmet needs, and challenges.

Ms. Montoy responded to questions of Councilmembers Boyajian and Duncan relative to having a session to obtain council priorities, plans for moving staff/unit, and the unmet need of police legal advisor.

Councilmember Duncan withdrew Motions 6 and 7.

(MOTION - Duncan/Dages - Move the \$180,000 for the Independent Police Auditor (IPA) to the city attorney budget for an additional police legal advisor and PTI training costs. **NOTE** -This motion was subsequently broken up into two motions and replaced)

143-228

6/16/04

Finance Director/Controller Quinto noted Motion #6 was establishing the Sacramento Relief Fund and clarified several other motions directed funds towards that fund and the motion did not need to be withdrawn. Councilmember Duncan agreed and withdrew Motion #7 only.

Discussion ensued with Ms. Montoy, Budget Manager Smith and Ms. Quinto responding at length to questions of Acting President Perea and/or clarifying issues relative to the additional position approved last year and if a person was hired, need for higher caliber attorney, what the advisory unit was, amount budgeted for outside counsel, amount for contract counsel city-wide, if funds budgeted for outside counsel could be used to hire someone in-house, clarifications on outside counsel and charges, utilizing in-house staff versus outside, and if it made sense to direct all outside counsel costs into the city attorney budget for the city attorney to use at her discretion.

MOTION - Perea/Sterling - Create a task force to investigate the consolidation of legal service resources and the mix of in-house vs. contract counsel to handle the department caseload (a report to be brought back within 90 days).

Ms. Montoy, City Manager Hobbs and Ms. Quinto responded to questions and comments of Councilmember Dages relative to who decides to hire outside counsel, **(2 - 0)** how departments budget for legal costs, if the negative fund balance had been resolved, and getting an uneasy feeling of an adversarial attitude/no straight answers from other departments.

Councilmember Duncan clarified his earlier motion and broke it up into the following two motions:

MOTION - Duncan/Dages - Defund and eliminate the Independent Police Auditor position (IPA).

MOTION - Duncan/Dages - Move the \$180,000 for the IPA to the city attorney budget for an additional police legal advisor and training costs.

Councilmember Duncan noted he originally seconded Motion #21 and removed his second stating the above two motions clarified the elimination of the IPA stood on its own and the funds for that position were open to an honest debate. There was no further discussion.

CITY CLERK:

City Clerk Klisch gave an overview of her department's budget which included FY 2004 accomplishments, customer satisfaction survey, challenges, and the department's unmet need.

Ms. Klisch and City Manager Hobbs responded to questions, comments and/or concerns of Councilmember Dages relative to why the unmet need (Deputy City Clerk series) was not included in the budget, cost of the unmet need, this budget being different from last year and frustration/feeling of not getting information on the budget that should be given, concern that the low cost unmet need was not allocated in a \$780 million budget, and concern with Council members having to find funding sources with no help from staff. Councilmember Sterling stated she also had some of the same frustrations as Councilmember Dages and offered to work with Councilmember Dages in the next few days to find a funding source. President Castillo and Finance Director/Controller Quinto clarified Council can direct staff and staff would follow through on the direction.

MOTION - Sterling/Dages - Direct staff to look at funding options to fund the City Clerk department series unmet need.

Acting President Perea stated he agreed with Councilmember Dages' comments relative to council finding funding sources stating it was Council's job to set a vision/policy and it was staff's job to implement it if a Council majority agrees, and presented questions relative to the agenda distribution timeline, need for more review time on big/controversial items (i.e. transfer station, SMG) and what needs to be done to allow for more time, mandating a longer review period on big items, and frustration with staff "ram-rod" big items down Council's throats, with Ms. Klisch and Assistant City Manager Souza responding/clarifying issues and advising staff was currently working on the issue of timing and would report back in July. Acting President Perea stated with the new no-contact rule Council would be relying solely on staff for all information and he was glad to hear staff was working on the issue.

Relative to unmet needs Councilmember Calhoun stated Councilmember Dages was accusing staff unfairly, noted every department had unmet needs but did not use this forum to argue for the additional funds and added there simply was not enough money to go around, stated Council needed to be real careful as Council had two individuals who reported to Council and talk about their needs and get what they want yet Council does not do that for the rest of the departments, and clarified the city attorney and city clerk departments were wonderful departments but he did not treat them any differently from any other office and it would be unfair to do so.

143-229

6/16/04

Relative to the timing of agenda items Councilmember Duncan stated he believed staff does their best to get items ready and present them to Council in the most prompt method as possible and strongly encouraged any member to request an extension or table the matter if they feel they have not had adequate time to review or have questions, and relative to unmet needs stated it was Council's prerogative and job to drive unmet needs towards primary needs especially if unallocated resources are found. Ms. Klisch responded to questions of President Castillo relative to training for the Agendate process, why the training took so long since it was approved last year, and when the process would be online. There was no further discussion.

CITY MANAGER:

City Manager Hobbs acknowledged and commended his two assistant city managers and his department staff for their knowledge and support, and gave an overview of his department's budget which included the role and responsibility of the city manager's office and the department's accomplishments and challenges.

Mr. Hobbs, Assistant City Manager Souza, Budget Manager Smith and City Attorney Montoy responded to questions of Acting President Perea and President Castillo relative to when the \$1 million savings from the Convention Center would begin and if any of that money is being reinvested into the Convention Center, the HRC's budget and staff, **(3 - 0)** Council's position on HRC staffing and if staff can change Council policy, the HRC staff member that transferred to code enforcement, if the staffing change required Council approval, how Council can hold someone responsible on staff changes when a decision is made by a majority Council vote, if the HRC consultant went through the civil service process, and the instability/lack of leadership of the HRC director due to some council members' desire to eliminate it every year. Acting President Perea questioned why council members keep fighting about the HRC position stating his appointee does a fantastic job and stated he wanted to continue to fund staff and added he has relied on the commission many times to settle disputes.

MOTION - Perea/Sterling - Restore staff (and corresponding resources) for the Human Relations Commission to FY 2004 levels.

Lengthy discussion ensued with Mr. Hobbs, Mr. Souza and Ms. Montoy responding to questions, comments and/or concerns of Councilmembers Boyajian, Sterling, Duncan, Perea, Calhoun, Dages and President Castillo relative to Council being at a huge disadvantage and need for a full-time budget person working with Council, where the funds came from for publishing the city's annual report in the newspaper and for the READY program when council voted against funding them, the vision for the city being the administration's vision, the HRC including difficulty to do their job without staffing, their purpose being to mediate in the community, and the HRC being an asset to the city, the City Council and Mayor being two separate but equal governments, Mayor Charter authorities, support for the Mayor's position on the HRC, the HRC not being eliminated and it being made voluntary with reallocated resources, request for city attorney to provide information on the roles and responsibilities of the Mayor and City Council, who has final authority over implementing Council policy, Council "crying" over the budget when it was originally applauded, Council already having a full-time budget person in the Council Executive Analyst, the Council analyst position not worth its pay, and the Public Information Officer including why the position was created and the position being vacated and now going through a recruitment process.

MOTION - Castillo/Sterling - Eliminate the Public Information/Affairs Officer (PIO) position and utilize the funds to fund Motion #15 to purchase/replace 60 portable radios for the fire department with the balance to go to Hmong resettlement services.

Ms. Montoy responded to questions of President Castillo relative to mass mailings/publications, the city manager's authority to implement the spending plan, and the Mayor implementing programs/projects not approved by Council.

Relative to the PIO, Mr. Hobbs stated the position was needed to get information out to the community, manage the 24-hour cable access channel that will be opening up this summer and to promote Fresno's image and explained **(4 - 0)**. There was no further discussion.

LUNCH RECESS - 12:32 P.M. - 2:03 P.M.

REDEVELOPMENT AGENCY:

(4-a.) AGENCY RESOLUTION NO. 1650 - APPROPRIATING THE FY 2005 BUDGET OF THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

The City Council convened in session as the Redevelopment Agency. Director Fitzpatrick stated the Agency's budget was a

little different from the typical city department budget as it was more oriented on a snapshot of expected annual appropriations for projects; gave an overview of the budget which included projects, ERAF distribution, and tax increment/revenue projections; stated the Agency was healthy and advised the HCDC and Interagency Housing Task Force recommended approval; and distributed and reviewed the proposed housing budget with the revised recommendation due to the decision to use \$475,000 from the agency's budget on the Fresno Hotel project.

143-230

6/16/04

Mr. Fitzpatrick, Redevelopment Administrator Murphey and City Attorney Montoy responded to questions/comments of President Castillo and Councilmembers Calhoun and Sterling relative to the 16 allocated positions, the intern program, intern's pay rate, numerous questions and concerns relative to the Armenian Town Project/lack of a DD&A/amount of money/staff time invested/and direction to staff to schedule a discussion on timeframes for the Armenian Town development on the June 29th agenda, staff and salary increases, concern with the \$11,000 step increase here (or anywhere), ENA's with the Chinatown and stadium projects, if there was an ENA with Gunner/Andros, the budget format, monument signs at Roeding Business Park and Armenian Town, economic development component, lower Blackstone area, unexpended funds, master plan for the Chavez Adult School, **(5 - 0)** if the \$475,000 for the Hotel Fresno project will be subject to the mayor's veto, and the Roeding Business Park including lack of a master plan and need to halt infrastructure construction until a plan is developed.

MOTION - Sterling/Castillo - Transfer \$242,000 currently allocated for infrastructure improvements into the contingency account; reserve \$60,000 to retain a consultant group to perform services/feasibility study (subsequently acted upon and failed).

Ms. Murphey, Mr. Fitzpatrick and City Manager Hobbs spoke to the motion and clarified issues, and Councilmembers Calhoun and Duncan spoke in opposition to the motion. Ms. Montoy responded to questions of Councilmember Duncan, and Councilmember Sterling responded to comments and elaborated further on her concerns.

A motion and second was made to adopt the Redevelopment Agency budget, whereupon it was noted Councilmember Sterling already had a motion on the floor.

A motion of Councilmember Sterling, seconded by President Castillo, to transfer \$242,000 currently allocated for Roeding Business Park infrastructure improvements into the contingency account and reserve \$60,000 to retain a consultant group to perform services/feasibility study failed, by the following vote:

Ayes :	Castillo, Perea, Sterling
Noes :	Calhoun, Dages, Duncan, Boyajian
Absent :	None

Mr. Fitzpatrick and Deputy Airport Director Card responded to questions of President Castillo relative to the Airport Redevelopment Area/street and infrastructure improvements, restrictions on funds, loans to the RDA from the city and if those funds can be used for capital improvements at the airport, and finding monies to repay the airport.

Councilmember Sterling made another motion to move \$50,000 from line item infrastructure and improvements in the Roeding Business Park account to line item contingency in the amount of \$10,929 and to allocate those funds for an outside consultant. It was noted a motion was on the floor to approve the budget.

On motion of Councilmember Dages, seconded by Councilmember Duncan, duly carried, **RESOLVED**, the above entitled Agency Resolution No. 1650 approving the FY 2005 Redevelopment Agency budget hereby adopted, by the following vote:

Ayes :	Calhoun, Dages, Duncan, Boyajian
Noes :	Castillo, Sterling
Absent :	None

The Redevelopment Agency adjourned at 3:29 p.m. and the City Council reconvened in regular session.

Proceedings continued on the city budget hearing.

ECONOMIC DEVELOPMENT

Councilmember Duncan requested Councilmember Calhoun modify Motion #3 to state all remaining funding for the Educational KRA be placed into contingency to preserve the balance and explained. Councilmember Calhoun stated he would not modify the motion

because he wanted to review staff's up-to-date motion list with all the facts and figures prior to next Tuesday. Councilmember Duncan withdrew his second to Motion #3 which was then seconded by President Castillo.

143-231

6/16/04

MOTION - Duncan/Boyajian - Reallocate the \$238,000 identified by the Economic Development Department for the goal of getting 25 Fortune 1000 companies to relocate to Fresno as follows: (1) \$100,000 for the Roeding Business Park marketing plan, and (2) \$138,000 for fee waivers for downtown housing projects.

Councilmember Calhoun spoke to the issues of (1) taxis and tow trucks and if they should be under the responsibility of the Transportation Department (**6 -0**), (2) railroad safety/high speed and the desperate need for a manager, and (3) safety for the Council or any other body sitting on the dais in the Council Chamber and need for security doors. City Attorney Montoy, City Manager Hobbs and Transportation Manager Rudd responded to the issues of taxis and tow trucks.

Councilmember Calhoun made a motion to appropriate \$12,500 (from the \$180,000 for the (IPA) Police Legal Advisor) to provide electric security doors at the dais in the Council Chambers, which motion died due to lack of a second.

Councilmember Dages spoke briefly to the lack of maintenance of median islands and the need for additional staffing.

MOTION - Dages/Sterling - Increase median island staff from two positions to at least 6-8 positions, with staff to locate funding source.

Finance Director/Controller Quinto clarified some preliminary calculations had been conducted and advised it looked as though there were no general fund dollars remaining from the change in some motions, the general fund right now stood at a deficit if everything on the table were to be approved, and the primary driver was the motion increase funding for the HRC.

MASTER FEE SCHEDULE:

Finance Director/Controller Quinto gave a brief overview of the Master Fee Schedule.

Councilmember Calhoun spoke to the issue of paying fees for services, subsidies and areas identified where fees may be subsidized; noted the Maximus study reported the cost to provide user fees was \$28 million, the city only recovered \$14 million, and that the city should go after some of that \$14 million by increasing fees by \$6 million; and advised the areas he wanted to go after and increase fees in were fire inspection services, parks and recreation services for youth and seniors, and parking due to low parking rates and elaborated; and stated the subsidies were unacceptable and it seemed like the Sacramento hit for the next couple of years had been forgotten about.

MOTION - Calhoun/Boyajian - Fire Department instructed to adjust fees to recover at 50% of city subsidy for fire inspection services (approximately \$500K); Parks Department instructed to adjust fees to recover at least 25% of city subsidy for parks and recreation services; and Internal auditing staff to begin a study of city parking charges vs. private sector parking charges.

Councilmember Duncan stated the parking fund was very healthy with the revenues being generated and to raise rates just because the city could and due to low rates in other areas was unwise; noted fire inspection fees were based on violations and the amount charged was the result of a lot of deliberation; and stated he supported subsidizing senior and youth activities at parks and made a motion to approve the Master Fee Schedule as it stating he was impressed with it.

MOTION - Duncan/Boyajian - Approve the Master Fee Schedule

Ms. Quinto addressed some comments made and clarified issues relative to fire inspection fees, staff continuing to look at fees and revise as necessary, further update to the User Fee study, and the state budget and impact not known at this time and staff reporting back.

Budget Manager Smith and City Attorney Montoy clarified issues and responded to questions of Councilmembers Sterling and Dages relative to the \$50,000 for outside agency support, if the funds could be used at Council's own discretion, the 15% requirement, there no longer being an infrastructure account, the funds being general fund dollars which Council can use as they see fit, and need for a line item to use the funds at each member's discretion.

MOTION - Dages/ Sterling - District 5 - Move \$24,000 of the \$50,000 from "Outside Agency Support" to "Miscellaneous Expenses"; additionally, each district shall have the discretion on how they will spread their \$50,000 between the two subject accounts.

MOTION - Boyajian/Duncan - Reallocate \$600,000 originally allocated for the Enrichment Program in the Parks and Recreation budget to Council infrastructure budgets.

143-232

6/16/04

MOTION - Boyajian/Duncan - Reallocate \$57,000 originally allocated for the Employment Skills Program in the Parks & Recreation budget to Council infrastructure budgets.

Councilmember Boyajian stated as an alternative, if the above two motions do not pass, he wanted the flexibility to look at his district projects and refocus/reallocate those projects, and subsequently stated he may make a motion to this effect next Tuesday.

Upon the request of Councilmember Duncan, Councilmember Dages stated he would modify his motion to be at the discretion of each district.

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The public hearing on the city budget was officially closed and Council recessed to Tuesday, June 22, 2004, for Council deliberation and action.

Relative to the Redevelopment Agency budget and upon question of City Attorney Montoy, Councilmember Dages and members clarified the recommended revision on the floor by Director Fitzpatrick regarding the \$475,00 for the Hotel Fresno coming from housing set aside funds instead of Merger One funds was part of the motion.

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ADJOURNMENT

There being no further business to bring before the City Council, the hour of 4:29 p.m. having arrived and hearing no objections, President Castillo declared the meeting adjourned.

APPROVED on the ____22nd____ day of ____June____, 2004.

_____/s/_____
Brad Castillo, Council President

ATTEST:_____/s/_____
Yolanda Salazar, Assistant City Clerk

143-233

6/16/04